

**GPA CABLE OF VIRGINIA, INC.**

**P.O. Box 943  
Osprey, FL 34229  
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August 11, 1995

Office of the Secretary  
Reference: Notice of Inquiry in CS Docket No. 95-61  
Federal Communications Commission  
1919 M Street, N.W.  
Washington, DC 20554

Re: Program Access

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Dear Sir or Madam,

Over the last nine years I have been a small cable television system operator. When I entered the industry, my customers paid \$10.50 per month for basic cable television service which included approximately 14 channels of satellite provided programming (i.e. ESPN, WTBS, etc.). At that time, those services cost me approximately ninety-five cents (\$0.95) per subscriber per month. Today, my customers pay \$20.54 per month for basic which includes the above mentioned programming which now cost our firm \$2.93 per subscriber per month.

Although the rate my customers pay me has almost doubled, my cost for programming has almost tripled. One point I'm trying to make is that we small cable operators have not raised our rates to mimic the rate of return our suppliers get, we raise our rates to make a living and grow our business.

When I started in this business, I could get ESPN for approximately twenty-five cents per basic subscriber. Today, I pay ESPN seventy point-two cents (\$70.2 including NFL/MLB surcharges) per basic subscriber. In order to get that rate (which ESPN considers fair) I am required to place it on the most widely received level of service and agree to absorb every rate increase they project or adjust for over the next several years. Even if the rate increase exceeds the rate of inflation. And, we are not allowed to distribute ESPN to anything less than the second highest number of subscribers to our programming choices. ESPN will not allow individual subscribers to choose whether or not to receive ESPN.

I would like to give my subscribers the choice of paying for programming they would like to receive and not be forced to pay for what they do not want (paying and viewing a la carte). But like ESPN, all of my program providers either won't allow me to, or raise the cost of programming to a prohibitive monthly charge.

For example, Turner Network Television (TNT) appears in our \$20.54/month. cable package. We pay forty-six cents (\$0.46) per subscriber. If we wanted to give our subscribers TNT a la carte, the cost to us depending upon penetration levels could be as high as \$2.02. But we can't because our contract with TNT stipulates that in order to provide TNT to any of our subscribers, we must deliver the programming to a minimum of eighty percent of them (80%). Yet as an authorized distributor for TNT TVRO reception (to people with satellite dishes in Kansas, where we do not have a cable system), TNT will charge us only one dollar \$1.00 per subscriber regardless of penetration level.

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List A B C D E

During December 1994, I received a letter from my attorney notifying me of the "Disney Exemption" which allowed cable operators to add Disney programming to the basic package without following previously announced guidelines and marking up the programming twenty cents (\$0.20). This exemption was later expanded to include other services.

So I called my Disney representative to investigate my options. She told me that in exchange for my firm putting Disney on basic cable, Disney would charge me seventy-cents (\$0.70) per subscriber during the first year, one dollar (\$1.00) the second year, and one dollar twenty-five (\$1.25) the third year, and mark up the programming an additional twenty cents (\$0.20) or what works out to twenty-six percent during the first year and less during the following years.

I explained to her that we currently pay Disney approximately sixty percent of what we charge our customers and retain approximately forty percent to cover our costs, and we like to give our customers the freedom to choose their programming. Also, if we agreed to Disney's offer, Disney would end up collecting approximately twenty-five percent more (+25%) from our system and we would end up with a fifty percent decrease (-50%) in our revenue generated by the Disney Channel.

She emphasized that I could raise my basic rate an additional twenty cents above the cost of programming and that I would be giving my subscribers a good value. I told her I was not interested forcing programming upon my customers just to raise my rates every year. I asked if Disney would be interested in lowering the rates it charges as a premium channel if I would match the reduction. Unwilling to compromise and with a "take it or leave it" attitude, she declined my offer.

Today, Disney remains a premium service which raises its cost to us each year and we continue to absorb it because we believe charging more than \$9.95 for any channel would be detrimental to our business.

Now, much to my chagrin, I hear that Disney's offer depends on who they're talking to. An associate of mine was offered the basic deal beginning at sixty-five cents (\$0.65).

In all of my recent dealings with program providers, it seems as though they really don't care about the cost to the subscriber because they (the programmers) know that the consumer only blames the cable company. You see, the consumer pays only a cable bill, not a programming fee.

Small cable companies are the messengers regarding the telecommunication future, and the regulations which allow unfair program access are shooting the messengers.

We small cable business operators need to get our programming at the same per subscriber charge as any other company regardless of size. This will permit us to charge rates which are in line or lower than our competition. This will insure our subscribers pay the lowest possible rates while at the same time allow our company to survive and compete with companies of greater size.

Thank you for your attention to this matter.

Sincerely,



George Pancner  
President